

Joint Audit Committee Meeting

Friday 27th July 2018

09:00, GF01, Kelvedon Park

PRESENT:-

Members: Chair: Jonathan Swan (JS); Alan Hubbard (AH); Julie Parker (JP)

Office of the Police, Fire and Crime Commissioner (OPFCC): Police, Fire and Crime Commissioner Roger Hirst (RH); Deputy Police Fire and Crime Commissioner Jane Gardner (JG); Finance Officer Abbey Gough (Minute Taker)

Essex Police Force: Chief Constable Stephen Kavanagh (SK); Denise Breckon (DB); Debbie Martin (DM);

Ernst and Young: Martina Lee (ML)

1. Apologies for absence: Mark Gilmartin, (MG); Charles Garbett (CG); Mark Hodgson (MH); Simon Faraway (SF); Vicki Harrington (VH) ; Anna O’Keeffe (AO), Dan Harris (DH)

2. Declaration of Interest

None

3. Minutes of the meeting held on 6th July 2018

Minutes of the meeting were approved.

4. Action Log / Matters Arising

02/18 – Financial Regulation have been approved.

09/18 – Mobile First benefit details were shared with the committee

10/18 – EP risk register has been shared with Essex County Fire and Rescue Service

13/18, 14/18 – Updated annual governance statement and MTFs included in the Statement of Accounts

JS enquired what level of independence the Essex Police Data Protection Officer (DPO) has. JS said that the DPO should have sufficient independence to challenge the organisation. SK noted that the reporting line meant that the DPO reported into the Deputy Chief Constable.

ACTION 16/18 – Essex Police to provide a brief regarding the line management, and independence of the DPO role.

5. External Audit Results Report

ML reported that Ernst and Young expect to issue an unqualified opinion for the accounts and an unqualified value for money conclusion. ML said that the outstanding queries had been completed.

There was one adjusted audit difference which was linked to the Pension Fund Assets. Originally Essex Police had used the estimates available, which were correct, but additional information became available. The difference in the pension fund was above the materiality levels for the Group and the Chief Constable. The only impact was on the level of unusable reserves and not the bottom line.

There were no unadjusted audit differences.

Areas of significant risk which were considered were, revenue and expenditure recognition; risk of misstatement due to fraud or error (management override). Ernst and Young found no evidence of management bias.

Discussion took place on value for money and the 'Assessment of Reserves Position to 2021' graph which is a requirement for Ernst and Young to include. It was noted that there may be some double counting within the graph and an additional explanation would be required in the final version of the report.

The borrowing movement in the graph was also discussed and whether additional explanation was required on this. ML said she would look to clarify. The committee questioned the value the graph added to the report.

ML explained the data analytics included in the report which was a download from the general ledger. This showed the number of journals and transactions processed. The focus of the audit was on the manual transactions which were completed by Essex Police. The audit focused on the individuals who input the journals as well as the time/date that transactions are posted, this is to ensure that management are not posting journals.

JS noted that there is no mention of ECFRS in the accounts despite the being the PFCC. RH explained that they are separate entities and that there is no group formed with the Fire and Rescue Service. The committee asked if there should be a narrative which explains the difference. ML said that this would not be appropriate for the external auditor.

It was agreed that a brief section would be included on the PFCC and Essex Police website explaining the difference between the PFCC and Fire and Rescue Service accounts and where they could be found.

ACTION 17/18 – Brief paragraph to be included on the PFCC/Essex Police website explaining the difference between the two service statement of accounts

6. Letter of Representation

a. From the PFCC

RH said that the letter fulfilled the requirement and effectively reflected the group accounts. The letter of representation was agreed.

b. From the Chief Constable

SK agreed that the letter fulfilled the requirement and reflected the accounts. The letter of representation was agreed.

The members asked if the annual audit letter was presented to the JAC. ML said that the letter is issued to the Chief Constable and PFCC, however they ask that the letter is circulated to the JAC members. ML also noted that the letter should be published on the PFCC and Essex Police website.

7. 2017/18 Statement of Accounts – Recommendation for Signature

DB provided an overview of the amendments made to the accounts since the last meeting, this included the changes to the pension liability, updated MTFs, updated annual governance statement and updated performance table. Following this discussion RH asked for briefing note on IAS19 and pensions to be brought to the Performance and Resources Board.

ACTION 18/18 – IAS19 and pension briefing to be brought to Essex Police Performance and Resources Board

Discussion was held on the complexity of the accounts and the requirement to have two sets of accounts. It was confirmed that there was a statutory requirement to have two sets of accounts. The members noted that the narrative section for the PFCC was very detailed and asked if there was an option to condense the document.

ML said that there were good points made and that this was something which could be reviewed during the month nine closedown.

RH noted that he has a duty to publish a statement of accounts and an annual report, he would like to use the same information in both reports. It was agreed that this process could be looked into for the 2018/19 statement of accounts.

ACTION 19/18 – Working group to be set up to consider the 2018/19 statement of accounts and identify areas ways to streamline the accounts

The independent JAC members recommended both the Group/PFCC and Chief Constable accounts for signature.

8. Any Other Business

JS said that at the previous audit committee meeting there had been elements of overlap between the Police and Fire. A suggestion had been to hold a third meeting which would discuss the overarching elements for the PFCC. It was agreed that for

the September meeting the members would meet with RH in the morning before the Police and Fire audit committees.

ACTION 20/18 – Arrange morning meeting with the JAC member and RH

The committee requested that the January 2019 audit committee date be rearranged to December 2018.

ACTION 21/18 – Rearrange January 2019 audit committee date to December 2018

JS noted that this was the last meeting for Ernst and Young. JS thanked ML for and the team for their work over the years. ML expressed her thanks to all those she had worked with and noted the strong working relationship which existed.