

MINUTES
JOINT AUDIT COMMITTEE

25 September 2020, 10.00am to 12.30pm, via Microsoft Teams

Present:

Jonathan Swan (JS)	Chair
Julie Parker (JP)	Independent committee member
Simon Faraway (SF)	Independent committee member
Roger Hirst (RH)	Police, Fire and Crime Commissioner
Pippa Brent-Isherwood (PBI)	CEO, PFCC's office
Janet Perry (JPe)	Strategic Head of Performance & Resources, PFCC's office
Elizabeth Helm (EH)	Interim Head of Finance and S151 Officer, PFCC's office
Ben-Julian Harrington (BJH)	Chief Constable, Essex Police
Andy Prophet (AP)	Assistant Chief Constable, Essex Police
Annette Chan (AC)	Chief Accountant, Essex Police
Tom Simons (TS)	Ch Supt Strategic Change (standing in for VH)
Matt Tokley (MT)	Corporate Accounting Manager, Essex Police
Dan Harris (DH)	Internal Auditor, RSM
Anna O'Keeffe (AOK)	Internal Auditor, RSM
Paul Grady (PG)	External Auditor, Grant Thornton
Parris Williams (PW)	External Auditor, Grant Thornton
Camilla Brandal	Minutes, PFCC's office

Apologies:

Mark Gilmartin (MG)	Director of Shared Services (Essex and Kent Police)
Dr Vicki Harrington (VH)	Director of Strategic Change
Debbie Martin (DM)	Chief Finance Officer, Essex Police

1 Introduction and welcome

JS welcomed everyone to the meeting and accepted apologies from MG, DM and VH. MT would be joining the meeting for items 9 and 10 of the Agenda.

2 Declarations of Interest

There were no declarations of interest to note.

3 Minutes of the last meeting and matters arising

3.1 JS wanted to note that Alan Hubbard had now retired from the Audit Committees as an independent member and that the Committees' thanks to him had not been previously formally minuted.

3.2 20200626 – Part A minutes

3.2.1 PBI paragraph 10.2 accuracy correct but wanted to clarify a point, discussed in July. Chair's term started in July 2014 and will expire in 2021/22 and other independent members' terms started in 2015 and will expire in 2022/23.

3.2.2 SF commented that there were two actions that had not been reflected onto the Action Log, namely; paragraph 7.7.5 where the results of the work done to evidence savings from the Delivery of the local business case would be reported back to the Committee, and; paragraph 7.7.11 with an annual oversight of the submissions made to the Information Commissioner's Office being presented to the Committee (to be placed on the Action Log until a date has been decided for the Work Plan).

3.3 20200626 – Part B minutes

3.3.1 BJH confirmed that he would send through some revised wording on paragraph 6.2.3 regarding cybercrime as Essex do subscribe to the region for this work.

Action: 06/20

BJH confirmed that he would send through some revised wording on paragraph 6.2.3 regarding cybercrime as Essex do subscribe to the region for this work.

3.3.2 There were no other amendments to the June 2020 Part B minutes and no matters arising.

3.4 The Part A and Part B minutes, subject to the above amendments, were approved.

4 Action Log

03/20 Joint Audit Committee Work Plan
Deep Dive reference changed to Background Briefings. Close.

04/20 Self-Assessment exercise
Took place in July 2020. Results on Agenda. Close.

05/20 Statement of Accounts
Amendments had been made. Close.

07/20 Delivery of the Local Business Case
Results of the work done to evidence savings from the delivery of the Local Business Case would be reported back to the Committee.

08/20 GDPR (PFCC's office)
An annual oversight of the submissions made to the Information Commissioner's Office to be presented to the Committee (to be placed on the Action Log until a date has been decided for the Work Plan).

5 Joint Audit Committee Work Plan

The Committee suggested a new background briefing topic of New Technologies to include, for example, an overview of Body Worn Video and how it is being used and stored, and also the Force's Communications software and hardware.

Action: 09/20

New Background Briefing topic of New Technologies to include, for example, an overview of Body Worn Video and how it is being used and the data stored, and an overview of the use of the Force's Communications software and hardware.

6 Background Briefing – Violence and Vulnerability Unit

- 6.1 AP presented the Background Briefing paper that outlined the progress made on establishing the partnership and governance arrangements for Violence and Vulnerability; management of funds; the approach adopted by the partnership; the establishment of the Violence and Vulnerability Unit (VVU); the funds received by Essex; areas of work being delivered, and how the work is being monitored and the measurements of impact.
- 6.2 JS asked about paragraph 3.6 of the report and the number of partner agencies that were involved as there were quite a few. RH confirmed that through the Round Table events that are held, it was easier to get partner agencies involved and aligned on a broader scale. Thanks, must go to BJH who has been key in getting Bishop Roger Morris to attend which meant that the involvement has been widened to include not only public sector funded agencies in order to be effective. RH also confirmed that the three strands (Round Table, Executive Group and Operations Board) are driven by Essex Police and the PFCC.
- 6.3 AP set out how the Unit is funded and the funds utilised along with work done on the current Work Plan and lessons learnt around what worked and what did not.
- 6.4 JP commented about the work being done with taxi drivers and AP went through the piece of work done with grooming children and hotels which has resulted in a positive response from the management of the hotels.
- 6.5 JS asked about county lines and what work is being done by the VRU to prevent gangs from outside the county moving into Essex. AP confirmed that the operational teams that investigate this do so in partnership with other Forces with a great deal of the operational work being done before the gangs move into Essex.
- 6.6 The Committee thanked AP for the very in-depth report.

AP left the meeting at 10.40am

7 Risk Register

7.1 PFCC Risk Register

Dealt with under Part B

7.2 Essex Police Risk Register

Dealt with under Part B

Matt Tokley joined the meeting at 11.14am

8 Internal Audit Report (RSM) and Highlight Report (EP)

- 8.1 DH confirmed that as previously advised, three final reports were issued (from the 2018/19 internal audit plan, the 2019/20 internal audit plan and the 2020/21 internal audit plan), one draft report was issued on the Risk Management audit from the 2020/21 internal audit plan, and fieldwork for a further audit from the 2019/20 internal audit plan is in progress (IT Audit).
- 8.2 DH confirmed that four audits were currently in progress with six or seven starting over the next four weeks which would result in a higher number of reports being presented to the December meeting.
- 8.3 AOK presented the 3 audits that had been finalised as follows:
- 8.3.1 Essex and Kent Police Collaboration Recharges
This was a joint audit with Kent to ensure that a control framework was in place for the governing of the split of costs between the Forces, the recharging of both pay and non-pay costs and the monitoring of the budgets. The audit had resulted in a reasonable assurance opinion with two medium priority actions and two low priority actions. The medium priority actions were around the updated S.22 Agreement had not been properly signed off and the finance protocols were not current.
- 8.3.2 IT Deliverability
This was a joint audit which had resulted in a reasonable assurance opinion with five medium priority actions. The actions related to change proposal forms, sign-offs, business case sign-offs, progress report sign-offs, reasons for slippages being recorded, along with some suggestions for improvements to the reporting pack that is presented at the Strategic Change Board. DH commented that the positive opinion on this audit should not be overlooked as the IT Deliverability programme included national as well as regional projects.
- 8.3.3 Regional Distribution Centre for PPE
RSM had been asked to undertake a review of the Regional Distribution Centre that had been set up to receive and distribute the PPE for the 7Forces. The review was undertaken remotely and focused on whether the controls that had been put in place were adequate for all the recording information that needed to happen. The review resulted in a reasonable assurance with one high priority action, one medium priority and three low priority actions. The medium priority action related to whether there was segregation of duty in place in the stock take process. The high priority action related to the declarations of conformity with European standards where they were not always received at the same time as the orders.
- 8.3.4 JS asked whether the 7Force programme would be appointing their own internal auditors to check on the Essex due diligence on their behalf? DH confirmed that each of the respective CFOs on behalf of the Forces and PCC's/PFCC have requested a copy of the final report and it would be Essex's decision (as the commissioner of the work) whether to share the report further.
- 8.3.5 JP asked about the progress report on the actions and the implementation report on the recommendations as it appears that no actions have been completed and there are no recommendations outstanding. AC confirmed that she had also spotted this issue and would report back to the Committee with the correct status.

Action: 12/20

AC to confirm the status of the recommendations from the report as they are showing as no actions completed and no recommendations outstanding.

8.4 DH confirmed that the benchmarking report had been included in the papers as an update to the previous minutes. The Committee had asked how Essex compares against other Forces, basing the answer on the outcomes of audits in the financial year 18/19 rather than 19/20. DH is of the opinion that Essex compares very well in terms of the overall assurance opinions against the average for the emergency services sector but also for Police Force and Commissioner clients. JS asked how many Forces were involved in the 'N' number in the report and DH confirmed that it was 18 Forces and PCCs/PFCCs and 8 Fire. DH also confirmed that this benchmarking report will form part of the annual reporting and will therefore be produced at next year's September meeting.

8.5 Highlight report (EP)

8.5.1 AC went through the Summary Report on the Internal Audit Recommendations. Highlights to note were that 49 of the 80 recommendations had been completed, 21 were outstanding and 11 were listed as outside their due date. There were two audits that required further clarification before sign off; GDPR follow up and Body Worn Video where the go-live date has been pushed back to 5 October 2020.

8.5.2 AC went through Section 2 of the report which set out the Audit Summary and Section 3 which set out the Reports and Recommendations Outside of Due Dates (Delivery of the Local Business Case, IT Disaster Recovery and Critical Systems, Estates Maintenance, Software Licensing, Body Worn Video and Creditor Payments).

8.5.3 JS asked whether it was necessary to have every interim update on the report and whether it might be easier just to include the most recent update. AC would raise this comment with the Force.

Action 13/20

AC to raise the point with the Force of not needing to include interim updates on the Highlight report but to just include the most recent update.

8.5.4 JP asked about the IT Disaster Recovery, originally perceived in April 2019 to be a medium risk with the recommendations being completed shortly thereafter, but it is still open almost 18 months after it had been identified. What is the mechanism or process that would change it from medium to done? AC commented that she was not aware that there was a process that could be used to modify the recommendation but DH confirmed that he would discuss the process for the recommendations that get 'push back' and the subsequent priority status with DM on her return from leave.

Action: 14/20

DH would speak to DM on her return from leave to discuss the process for the recommendations that get 'push back' and the subsequent priority status.

8.5.5 SF asked about whether it was realistic and not optimistic that eight out of the nine items are due for completion by the date of the next meeting. AC confirmed that she is confident that this is the realistic position and they will be completed by the December meeting.

8.5.6 PBI commented on SF's query in relation to the risks against the Local Business Case and confirmed that the primary reason for the delay has been that the majority of the Collaboration Team had been abstracted to work in the Multi-Agency

Information Cell supporting the Local Resilience Forum's response to Covid and some of the planning regarding the EU Exit transition. The December deadline would be continued to be worked to, but the deadline may need to be revised following developments with the Covid situation etc.

9 External Audit Findings Report

- 9.1 PG confirmed that the Findings Report had been discussed with the finance leads, BJH and RH. It is proposed that Grant Thornton will be issuing an unqualified opinion on the Financial Statements and an unqualified opinion on the Value for Money. Once concluded, RH will be able to approve the accounts and Grant Thornton will issue the opinion.
- 9.2 PG confirmed that the main item to draw out from the opinion itself is that whilst the opinion is unqualified, the valuer of the property, plant and equipment, land and buildings has issued a material valuation uncertainty arising due to Covid19. This valuation uncertainty confirms that they have valued the properties to their best of their abilities on all the known facts but that there is an uncertainty in the known valuation that may or may not have an impact because it is simply not know what impact Covid19 may have had on the asset values as at the balance sheet date. This uncertainty also applies to assets held by the Pensions Fund. Grant Thornton have a query with the valuer on some of the numbers as they are not tallying with the Force's records.
- 9.3 PG confirmed that a couple of recommendations had been raised; processing of credit card payments with a non-reconcilable bank statement. The issue is understood to be a classification on the balance sheet between working capital and cash in the bank and would not affect the ability to issue an unqualified statement. The other issue regards best practice with monies seized from third parties and how it is held. The Force and the PFCC disclose that they hold these funds in addition to their own money but is held in the same bank account.
- 9.4 A brief discussion took place around the cash reconciliation (which RH and BJH would discuss offline) and how POCA funds are held. JS asked about the bank reconciliation issue and AC confirmed that the main issue was around the presentation not being as transparent as it could have been, but improvements have already been implemented to address this issue. The credit card payments issue arose through a timing issue where the card payments had not been matched off against the liabilities as at 31 March. AC confirmed that work had been done with Kent colleagues to learn from their system and to implement some automation to the process. MT confirmed that the reconciliation process is something that the Finance team had been trying to replicate as there is functionality within the SAP system to improve the process and Finance have been working with Kent Police to explore this. MT also confirmed that outstanding lines on the bank reconciliation had built up due to staff absence on sick leave, but these lines have now been cleared down and the outstanding values can now be quantified. JS asked about the credit card payments issue and MT confirmed that there was a change of process towards the end of the 2019/20 financial year which had resulted in the control account containing the bulk payments sitting as unreconciled items. JPe suggested cash flow reporting should be included within the monthly finance reporting, presented to Performance and Resources Scrutiny Board each month in order to understand the cash position better. This was agreed by the Committee.
- 9.10 JPe suggested that the recommendations from the external audit are tracked for future to confirm that they are being dealt with and actioned as currently there is no mechanism in place to provide an update on the progress of the external audit

recommendations. AC confirmed that an update on the external audit recommendations is included on the Work Plan for the December meetings.

- 9.11 PG confirmed that the value for money conclusion will be issued as unqualified. Grant Thornton had investigated the key areas that were flagged at the start of the year, and they continue to hold the view that the general arrangements in place in terms of financial management remain strong.

Action: 15/20

JPe to join the monthly finance monitoring meeting and include cash flow reporting as part of the meeting.

10 Sign off of Statement Accounts (including Annual Governance Statement)

- 10.1 AC wanted to thank Grant Thornton (under the direction of Paul and Parris) for their work on the audit whilst dealing with the challenges of Covid19.
- 10.2 AC confirmed that as the audit is continuing, the Accounts are not quite ready to be signed off and PG has outlined the changes in the AFR. Section 2.3 of the report contains a summary of the changes that have been made and these will not have an impact on the core financial statements.
- 10.3 PG wanted to acknowledge that the Accounts were a good document, well supported and well put together with the Finance team having good knowledge of what is contained in the Accounts and as there are very few changes, it is testament to the quality of the Accounts and the rigorous review that was undertaken before submission.
- 10.4 JS confirmed that on behalf of the Committee he recommended the Chief Constable's and the PFCC's Accounts to RH.

11 Single Tender Actions

RH confirmed that the process for procurement had been suspended temporarily to deal with the response to Covid19 and had resulted in three Single Tender Action Requests (attached to the report). RH reassured the Committee that the 7F Procurement process was still in place, but these were exceptional.

12 Oversight of the Scheme of Governance and review of the Audit Committee Terms of Reference

- 12.1 PBI confirmed that the report was to support the Joint Audit Committee in exercising oversight of the Police, Fire and Crime Commissioner's scheme of governance and to progress the findings and agreed recommendations of the recent review of the effectiveness of the Joint Audit Committee.
- 12.2 An informal meeting of the Joint Audit Committee was held in July 2020 and the outcomes of that meeting are referenced in the report along with the recommended changes to the Terms of Reference.
- 12.3 JS asked about paragraph 2.2 and the restrictions on membership and whether a sentence needed to be added around the specific restrictions for serving on the ECFRS Audit Committee also being included in the Joint Audit Committee restrictions (particularly with reference to serving police officers and/or firefighters).

12.4 The Terms of Reference (subject to the change above) were agreed.

13 Any Other Business

- 13.1 JS confirmed that due to time constraints, the Covid19 update that he had proposed to be given by RH and BJH be postponed until the next meeting.
- 13.2 DH had sent through two reports from RSM (Audit and Risk Committees – Navigating Covid-19 and Emergency Services news briefing Sep 2020). JS asked about the Navigating Covid-19 and the list of questions at the end of the document – in particular the last bullet point ‘Have the provisions in Procurement Policy Note 02/2020 been used by management?’ DH confirmed that this related to the Government’s temporary relaxation of the procurement rules and whether you taken advantage of them.
- 13.3 JPe asked why the Risk Register section of the minutes are reported under Part B rather than Part A. DH commented that other Police Audit Committees that he attends hold their Risk Register sections under Part B minutes. BJH commented that he would like to keep the Force’s Risk Register section as Part B. PBI commented that if the PFCC’s Risk Register were to be included in Part A, it would need to be a redacted version as it contains sensitive items.
- 13.4 There was no other business and the meeting closed at 12.25pm.