

DRAFT MINUTES – PART A
DRAFT MINUTES
JOINT AUDIT COMMITTEE EFFECTIVENESS ASSESSMENT 2021

23 July 2021, 10.00am to 12:20pm

Chief Constable's Conference Room, Essex Police Headquarters

Present:

Jonathan Swan (JS)	Chair
Julie Parker (JP)	Independent Committee Member
Simon Faraway (SF)	Independent Committee Member
Kashyap Pandya (KP)	Independent Committee Member
Janet Perry (JPe)	Strategic Head of Performance & Resources, PFCC's office
Samantha Peace (SP)	Minutes, PFCC's office
Karl Edwards (KE)	Director of Corporate Services, ECFRS.

1 Introduction and Apologies

JS welcomed everyone to the meeting.

2 Joint Audit Committee and ECFRS Audit Committee Survey 2021

JPe presented the report covering both Service's Audit Committee survey results. Each of the questions/statements were answered on a scale of strongly disagree to strongly agree. The panel reviewed the results & summarized the findings.

JS asked what the "other" option was. KE clarified that by selecting other, the person completing the survey was able to make a comment. The committee members confirmed that they had only completed the Joint Audit Committee Survey for Essex Police except for KP who had recently joined the panel.

Question 1:

The personal qualities of the audit committee generally fit well with the organization but are such as to avoid "Groupthink"

JS questioned the relevance of this question for the committee. It was agreed that the committee are seen to value independence.

Question 2:

The committee members have taken steps to understand culture, values, and issues of the Service.

JS was satisfied with the result. KP asked who had completed the surveys. KE replied that it was given to internal & external auditors, the committee and appropriate management. KE commented that from an ECFRS perspective there has been extensive work carried out over the last 12-18 months on culture and values.

Question 3:

The Audit committee is aligned with the Joint Audit Committee.

JPe corrected that this should read the Essex Police Joint Audit Committee and the Essex Fire & Rescue Service (ECFRS) Audit Committee.

JS raised that the same approach is used at both committees and was unsure if this question is relevant. The committee agreed.

Action: To remove question 3.

Question 4:

The Audit committee chair inspires confidence. The audit committee values their opinion and believes the chair demonstrates clear leadership of the committee.

The Committee were satisfied with the response for both Services.

Question 5:

Inclusive training provides committee members with adequate knowledge regarding the Service and regarding their role and responsibilities as audit committee members.

JPe reflected on one response disagreeing and the comments made. KE acknowledged that there are currently no formal induction processes or information packs available to support a new Audit member. The committee members agreed this would be helpful moving forward. JS suggested it could be issued to new Executives and Staff in addition to Committee members. This was supported by all attendees.

JS requested that the question is clarified to include those outside the Independent Committee members.

Action: To create an Induction training for new Audit members, Executives and staff attending the Essex Police and ECFRS Audit Committee meetings.

Action: To change the question to refer to the committee outside the Independent Committee members.

Question 6:

The committee's agenda is set in a timely manner and circulated well in advance of meetings to all members with appropriate supporting papers.

The Committee were satisfied with the response for both Services.

Question 7:

There is a clear plan for the year to ensure that all matters falling within the remit of the audit committee are covered over the period of the year.

The Committee were satisfied with the response for both Services

Question 8:

Meetings of the committee are of an appropriate length and ensure all the agenda items are well considered, and allow each member the opportunity to raise any further queries or areas for discussion

SF suggested that as part of the induction committee members can be reminded that they can always raise questions and comments.

KE suggested that the survey could include that when a “strongly disagree” or “slightly disagree” answer is selected, a further question is triggered to specify why.

Action: KE to update future surveys so that when “strongly disagree” or “slightly disagree” is provided as an answer, a further question is triggered to specify why.

Question 9:

Minutes of meetings are taken and appropriately circulated to all members with actions arising from meetings are notes and their resolutions tracked for meeting to meeting.

The Committee were satisfied with the response for both Services.

Question 10:

Other meetings including direct private meetings with the Commissioner, Head of Internal Audit Committee and interaction with senior supporting staff are adequate.

The members discussed the comments raised about only the Chair meeting with Senior Officers and Staff. JS took an action to advise the committee of such meetings, dates and offer updates from these discussions.

Action: JS to advise the committee when he meets with the Commissioner, Head of Internal Audit Committee, and senior supporting Officers/staff. Additionally, will provide updates of any relevant discussions.

Question 11:

The audit committee is aligned with the Continuous Improvement Board to assess and support the benefit Realisation

JPe asked if this should be the Performance and Resources Board and not the Continuous Improvement Board. KE clarified that the ECFRS have a Continuous Improvement Board for plan setting but it was agreed that this question was not clearly understood. SF did not think that this was part of the terms of reference. The committee agreed to remove this question.

Action: To remove question 11.

Question 12:

The Audit committee has a clear understanding of each of the significant financial reporting issues and judgements in connection with the preparation of the company's financial statements and relates financial statements.

JP suggested that this could be presented in a better way. JS agreed. JPe suggested that Audit committee policies are reviewed. JP also added that it would be beneficial for the committee to see the draft policies early, as it has been helpful to see the draft governance statements. JS supported that this would provide the members more time for consideration prior to the meeting.

Action: For committee members to be cited on accounting policies and to see draft and governance statements earlier to pass comment prior to meetings.

Question 13:

The audit committee annually assesses whether the Service has adopted appropriate accounting policies.

It was agreed that this had been covered in previous questions through the terms of reference and future work around inductions.

Question 14:

The audit committee scrutinizes the draft accounts and support narrative prior to initial publication and commencement of the audit.

The Committee were satisfied with the response for both Services.

Question 15:

The audit committee has a good understanding of how the Service identifies, assesses, manages, and monitors risk.

The Committee were satisfied with the response for both Services.

Question 16:

The nature, source, and frequency of information on risk management and internal control submitted to the committee is fit for purpose.

The Committee were satisfied with the response for both Services

Question 17:

The audit committee has reviewed the Service documentation and is satisfied that it sets an appropriate tone on ethics and reflects the Service values

A slightly disagree response was identified in both Services. JS questioned what Service documentation was. KE responded that the documents referred to are the Code of Ethics and all other documents that are seen and reviewed. JP interpreted the question to be whether the documents that the committee members receive are in alignment with Service values and Ethics? SF agreed that this was his interpretation. JS suggested that the question needed to be clearer and that the result could be due to an incorrect interpretation of the question.

Action: Clarify question 17.

Question 18:

The audit committee received regular reports from the Service's compliance officer and is satisfied that compliance failures are being dealt with appropriately.

JPe confirmed that the Service compliance officer is the S151 Officer. A few slightly disagree responses were noted. JP had interpreted this question in terms of Health & Safety and Data Protection not S151. JS agreed that the question requires further clarification. The committee agreed to remove this question and that if it is used in future surveys it must be clarified what the Service compliance officer is.

Action: To remove question 18.

Question 19:

The audit committee has discussed their oversight of the management's process for identifying and responding to risks of fraud or misuse of public funds.

KE updated that risks are not discussed or raised at the ECFRS Audit committee. He proposed to the committee if it was deemed necessary moving forward. JS believed that this is part of the terms of reference and that the internal audit committee so this and report back to the board members. JPe agreed that this is covered in Risk Register's. Following a discussion, JS concluded that the spread of scores could be due to the lack of understanding how this is monitored in the Services and refers to induction training mentioned previously. JPe reassured the committee that the content is within various shared reports.

Question 20:

The internal auditors have a clearly articulated plan which is reviewed and approved annually by the audit committee.

The Committee were satisfied with the response for both Services

Question 21:

The internal audit plan is aligned to the key risks of the Service and the internal audit's risk assessment process is appropriately linked to the Service's risk management strategy and monitoring system.

The Committee were satisfied with the response for both Services

Question 22:

Communication from the internal audit company to the audit committee is frequent, timely and provides the audit committee with a clear summary of work performed, results from this work, recommendations and any mitigating actions taken.

The Committee were satisfied with the response for both Services

Question 23:

The audit committee is satisfied with the quality of management's response to the recommendations made by internal audit.

A few slightly disagree responses were noted. The committee were happy that there was not a problem.

Question 24:

The materiality levels are expected to affect the level of audit work performed.

The committee agreed this is covered by the action relating to inductions and training.

Question 25:

The benchmarks used in determining materiality levels and why these are appropriate, focusing on how they reflect the needs and expectations for the users of the financial statements.

Agreed as above that this relates to education and training.

Question 26:

The extent of the audit work undertaken in assessing the effectiveness and efficiency of expenditure in the year (Value for money).

JP had responded slightly disagree as the committee have not seen this yet. Otherwise no further comment from the committee.

Question 27:

The level at which unadjusted errors are being reported to the audit committee.

The committee agreed that is related to the action on training.

3 Other matters raised

JS raised that historically the committee have not had sight of the HMICFRS reports. JPe sought clarification if this was for the committee meeting or a request for members to be sent the documents. KP supported that it would ne helpful to have a summary report at the committee. This was discussed and JS suggested that instead of receiving a report, a management response report could be provided to the committee. The committee members agreed with JPe's proposal for an Audit Committee template.

Action: To create a HMICFRS Audit Committee management response report template.

JS advised the members that he will contact the Police and Fire Panel and will invite the chair to one of the meetings.

Action: JS to contact the Police and Fire Panel members and invite the Chair to an Audit Committee meeting.

JP raised an idea from the previous review about producing an Annual Audit Committee report and queried if the previous recommendations had been followed up. The committee agreed that both required actioning.

Action: JPe to look at the previous effectiveness review and identify any recommendations made and whether they have been actioned.

Action: To add the production and publication of an Annual report to the Work Plan (section 12)

Action: JPe to make the necessary amendments to the survey and recirculate to the committee and provide an opportunity for members to add any questions they would like to see next year.

4 Any Other Business

Dealt with under Part B

There being no further items of business the meeting closed at 11.40am.