

MINUTES – PART A
JOINT AUDIT COMMITTEE

8th December 2023 10.00am to 12.30pm
GF01, Kelvedon Park and via Microsoft Teams

Attendees:

Kevin Barwick (KB)	Independent Audit Committee Member (Chair)
Simon Faraway (SF)	Independent Audit Committee Member
Kashyap Pandya (KP)	Independent Audit Committee Member
Julie Parker (JP)	Independent Audit Committee member
Roger Hirst (RH)	Police, Fire and Crime Commissioner
Pippa Brent-Isherwood (PBI)	Chief Executive & Monitoring Officer, PFCC's office
Janet Perry (JPe)	Chief Financial Officer/ Strategic Head of Performance and Resources, PFCC's office
Jeremy White (JW)	Finance Manager, PFCC's office
CC Ben-Julian Harrington (BJH)	Chief Constable, Essex Police
Fiona Henderson (FH)	Director of Continuous Improvement and Analytics, Essex Police
Debbie Martin (DM)	Chief Finance Officer, Essex Police
Claire Medhurst (CM)	Director of Kent and Essex Support Services
Daniel Grainger	Senior Quality of Service Officer, Essex Police
Hayley Ryder	Head of Payroll & Pensions, Kent & Essex Police
Parris Williams (PW)	Grant Thornton
Dan Harris (DH)	Partner and Head of Internal Audit, RSM
Shalini Gandhi (SG)	Senior Manager, RSM
Brooke Knight (BK)	Minutes, PFCC's Office
Guest:	
Patrick Duffy (PD)	Head of Estates, Essex Police
ACC Kevin Baldwin (KBal)	Assistant Chief Constable, Essex Police
Apologies:	
Sonia Edwards (SE)	Independent Audit Committee member
Jane Gardner (JG)	Deputy Police, Fire and Crime Commissioner
Joanne Brown (JB)	Grant Thornton
Zoe Hibbert (ZH)	Manager, RSM
David Levy (DL)	7F Director of Commercial Services, Essex Police

1 Welcome and apologies for absence

- 1.1 Apologies were noted as above. An introduction from the new Chair KB was made for all present.

2 Declarations of Interest

- 2.1 JP confirmed her association with the LGA and PSAA. KB noted he is a retired partner of RSM for completeness.

3 Minutes of the last meeting and matters arising

- 3.1 There were no amendments to the minutes of the last meeting and there were no matters arising.

4 Action Log

- 15/23 External Audit Plan
To be discussed at agenda item 8.
Close.
- 16/23 Work Plan – Background Briefings
Work plan has been updated for medium term financial planning briefing to be presented in March 2024.
Close.
- 17/23 Work Plan – Background Briefings
Work plan has been updated for briefing to take on the Forces use of storage sharing in June 2024.
Close.
- 18/23 Work Plan - Background Briefings
List sent to current Members on 06/10/23 and sent to KB during the meeting.
Close.
- 19/23 Internal Audit Report – Progress Report
Documented process has been sent. Chief Officer to be copied in when advising report authors that their DR has been signed.
Close.
- 20/23 External Audit Progress Report and Sector update
Grant Thornton are represented today.
Close.
- 21/23 External Audit Contract
Discussion was held. Audit Panel meeting taking place this afternoon.
Close.
- 22/23 Oversight of the Scheme of Governance
Amended scheme has been distributed to committee members.
Close.
- 23/23 Vetting Standards and Misconduct Report
List of source documents was sent to the PFFC's office on 22/11/2023.

Close.

24/23 Moved to Part B.

5 Joint Audit Committee Work Plan

- 5.1 JW confirmed the Audit Committee Work Plan has been distributed, the only amendment that was made was the date at the top of the plan.

Action 26/23: JPe and JW to send out the survey and then confirm date for the Assessment Survey to take place in 2024.

6 Audit Recommendations Tracker

- 6.1 DM confirmed the summary positions of the completed Internal Audits for 2023.
- 6.2 One action has been submitted but requires further work before sign off.
- 6.3 42 management actions are outstanding of which 13 are overdue. 3 of those actions are high, all of which are relating to police cadets and 4 medium and 6 low.
- 6.4 Regarding creditor payments and levels of sign off, there will be a separate audit at the end of year following the delayed appointment of Artemis. Procurement are training staff and good progress has been made.

Hayley Ryder joined the meeting at 10:22am.

- 6.5 DM noted the Contract Standing Orders have been signed off and can be closed off soon.
- 6.6 DM noted there is a plan to clear the CSAS backlog.
- 6.7 BJH disclosed there are no Safeguarding risks for the volunteer Police Cadets. There are suitable controls in place to ensure that young people are not exposed to anybody who's not adequately checked.
- 6.8 DM confirmed the summary positions of the completed External Audits for 2023. DM reminded the board that last year's audit was not signed off until January 2023 so it was difficult to complete the work required by February and March.
- 6.9 Legal Claims and the Contingent Liabilities recommendations are still outstanding due Grant Thorntons delay with the review for 2022/23
- 6.10 DM narrated the PPE valuation being a problem due to SAP not allowing the Force to do what they need to. The Force has done what needs to be done in terms of the closed down process. DM noted if the Force were to develop the new system it would be £6.8k per annum and just under £4k one off. This work is going on in the background with Kent Police to see how viable it is.
- 6.11 Regarding Unreconciled Creditors the Force has carried out a lot of work to show the legacy balances in a different way, so the Auditors do not have to back date years of data to be able to look at the balances that have been brought forward.

7 Internal Audit Reports – Progress Report

- 7.1 DH confirmed the Payroll Review from 2022/23 has been finalised with Reasonable Assurance. DH noted an even spread of the reports will be coming to each of the March and June 2024 meetings in terms of the final reports.
- 7.2 DH narrated the team have been going through a range of meetings with the PFCC's office and the Force in terms of 2024/25 planning. DH noted really good ideas in terms of what work the team may be looking at next year.
- 7.3 DH articulated yearly audits that used to take place every year on the key financial control areas will now be taking place every other year or every third year due to consecutive substantial assurance opinions in recent years.
- 7.4 BJH confirmed the Force have strategic planning day for the selection of Audits next year on the 11/01/2024.
- 7.5 JP questioned the Work Plan timeline for 2024 and when the reports will be presented to the Audit Committee as it looks as though it is all being presented in March 2024. DH confirmed 4 reports will likely be coming through to June 2024 and the remainder in March 2024.
- 7.6 The reports relating to Recruitment and Outsource Data will be covered in the June 2024 meeting.
- 7.7 SG presented the payroll report which has been finalised with a reasonable assurance opinion. Generally the team found a well designed and complied with controls around starters, leavers, system access deductions and payroll reporting. 2 medium priority management actions have been agreed as part of this review. SG noted a weakness which was identified by sampling around the recovery of overpayments and whether a repayment plan was in place.
- 7.8 DM raised the Payroll Audit that took place in 2022/23 which was a particularly difficult year for the Force due to losing their Head of Payroll. HR joined the Force in January 2023 and of the three deputies the Force only had one in post, so the Force had one person covering the four senior roles and had some other vacancies and maternity cover. DM congratulated the team in terms of the core business of paying people on time. Some of the other checks and controls, although they might not have been signed off, the Force still undertook them, which is why it took a longer time to do the audit just to establish that they were being done.
- 7.9 SG presented the Operational Resource Planning on SAP duty management Report with a reasonable assurance opinion. Robust controls found regarding training guidance and regular discussions locally on officer availability. One key weakness was detected around absence management processes, whereby some requests were not made by SAP or SAP was not updated until after leave was taken. SG noted overall this was a positive report.
- 7.10 SG presented the last report which was the payroll process for leavers. SG noted the audit was advisory therefore an assurance opinion has not been provided. SG narrated a proposed process flow chart has been created to make the processes more efficient but there were three medium priority actions that were agreed.

- 7.11 KP thanked the team for the report and is pleased to see the payroll team are functioning so well given the circumstances. KP questioned the actions can be put in place for leavers and overpayments to ensure this does not happen going forward. DM noted the systems and processes that the Force has put in place, which include the flow chart, people will find it easier to follow and will certainly help. In addition to this DM narrated that officers are paid on the 15th of the month, which runs from 1st to the 31st of the month which leaves the Force paying officers 3 weeks in advance, if an officer puts a notification through late that they are leaving with 1 months' notice, variably payroll will pay them. DM raised going forward the dream objective would be to review the date officers are paid but there are higher priorities at present.
- 7.12 KP requested what the population size is as this will give the Audit Committee a better feel as to whether this is a big or small problem. DH will relate this to the team of auditors that are completing the reviews.
- 7.13 JPe questioned what happens if someone did not declare they have been overpaid and the Force then discover it. DM confirmed disciplinary actions would be taken.
- 7.14 DH presented the Internal Audit Report for 2022/23 which was deferred from the June meeting. Positive Opinions were issued for both the Chief Constable and the PFCC.
- 7.15 DH presented the Internal Audit 2022/23 Benchmarking Report verbally. Essex is in line with other forces regarding overall opinions RSM have issued. Essex is slightly above the benchmark in terms of the number and category of actions. Essex are below the number of average high priority actions across RSM's client base. RSM has issued 3 qualified opinions in the emergency services this year.
- 7.16 JP questioned what could be conveyed to the Committee regarding the qualified opinions to keep Essex ahead of the game. DH confirmed that the benchmarking report does that and it will inform the planning for next year.

Action 27/23: DH/JW to distribute the written Benchmarking Report to committee members.

8 External Auditor's Reports

- 8.1 Discussions took place around the agenda item 8a Joint Auditors Annual Report. It was confirmed that this was carried forward from the last meeting as the Committee did not wish to consider it without a Grant Thornton representative present.
- 8.2 PW narrated the value for money work is currently ongoing alongside the financial statements audit work for 2022/23.
- 8.3 Two issues have arisen due to pensions. The first one is around the Asset Ceiling. PW noted many local governments pension schemes have turned into a surplus this year. That is primarily driven by changes in things like discount rate. PW noted that the management team have been in discussions around the correct accounting treatment for this. DM confirmed that a proposal is being put forward and is sure that nothing will change due to being below the threshold. PW continued to explain the second issue within pensions, regarding inflation. There is a debate between Grant Thornton and PWC on the correct treatment.
- 8.4 KB questioned when the audit findings report would be presented to the committee. PW confirmed progress is good and all samples are out, and they are receiving information

back. PW explained January and February 2024 is when the substantive work will be finished with the Audit completed by 31st March 2024. KB said we would like the audit completed by the time of the Joint Audit Committee meeting on 22nd March 2024.

- 8.5 PW noted the Backstop which is a cut-off date after which Grant Thornton must by law issued an opinion.
- 8.6 Continued discussion took place around the deadline and if anything goes wrong for the Audit to be completed in time for March 2024. PW explained there can be no guarantees. PW confirmed that the value for money report should be completed by 31st March 2024.
- 8.7 DM reported that Essex County Council has written to the PSAA regarding BDO not signing off the Pension Fund. Grant Thorntons Lead Auditor resigned this week and Essex Police are working closely with PW on who is going to be appointed next in the role. Essex Police have got agreement from the Chief Constable that will work with the vetting team to ensure that they are vetted as soon as possible so they can work on the Audit.

Action 28/23: PW and JPe to agree timeline for Audit completion date for 2024.

Action 29/23: DM and JPe to draft a letter from RH and BJH to Essex County Council regarding the delay in signing off the Local Government Pension Fund valuation.

9 Update on the Statement of Accounts for the year ending 31/03/23 (including Annual Governance Statement)

- 9.1 There were no additional update on the Statement of Accounts for the year ending 31/03/23 (including Annual Governance Statement legal, regulatory and policy matters including external inspections) to note.

10 Changes to accounting policies for the year ending 31/03/24

- 10.1 There were no Changes to accounting policies for the year ending 31/03/24 to note.

11 Update on the External Audit contract commencing the Statement of Accounts for the year ending 31/03/24

- 11.1 Discussion moved to Part B.

12 Risk Register

- 12.1 JPe presented the Risk Register. There are 32 risks currently standing, 6 of those are red, 25 amber and 1 green. Last quarter there were 7 red and 25 ambers. With 1 red going to a green (devolution). There are two other changing risks, a raised amber (setting a balanced budget) and an improving amber (commissioning resources).
- 12.2 Commissioning resources has significant improvement due to the new appointed Commissioning Officer.

- 12.3 Five of the current red risks are on the Police and Crime plan, and they relate to protecting vulnerable people and breaking the cycle of domestic abuse, violence against women and girls, support of victims of crime, volunteers, and business crime fraud and cyber crime. The other red risk in the Fire and Rescue plan that is broadening of role of the Fire Officers.
- 12.4 The Devolution risk has fallen as Level 3 is no longer an option.
- 12.5 JPe narrated that if the budget risk was looked at now it would be a red risk. The funding settlement will be below expectations and the budgets drawn up for both services are already in deficit.
- 12.6 RH commented this is the last year of the comprehensive spending review. There has been an announcement in the last week around the fact the precept limit will be £13.
- 12.7 KP questioned if there are any risks on the Capital Programme. JPe noted things coming in the pipeline need to be addressed as a risk. RH narrated the HQ refresh is going to be a challenge. In addition to this RH vocalized the hard work the team have put in to ensure we do not need to borrow externally.
- 12.8 FH updated on Essex Police strategic risks, 13 risk this reporting period to note. This is the same as last period but 1 lost which is information rights and legislative compliance and 1 gained risk which is the balancing of the budget and potential impact on services, trust and confidence in Essex Police.
- 12.9 FH continued to inform that no increases have been made to risk scores but 3 reductions in risk scores. Those reductions have been for digital disc security, preventing and reducing high harm and data quality, and overall, we have 4 red risks and 9 amber risks.
- 12.10 The public contact management risk remains at red, and this has been red since it was since it started, and the risk remains at 75 with stable direction of travel. FH noted the risks will reduce in the coming months.
- 12.11 The new balancing the budget risk has entered as a red risk and has an initial score of 60 and this is the risk that the cost to run the Force effectively could be greater than what our savings requirements, government funding or pre-set rises allow. FH narrated the Force have a strong programme around savings for 2024/25 which has been ongoing since summer 2023. £12 million pounds worth of saving have been identified so far.
- 12.12 The third red risk is around the electrification of the vehicle fleet. This has a risk score of 50 and that's been stable over the last reporting period. The Force has a zero emissions board which is fully established and through that board the team have identified 3 Essex Police sites where we will begin installation of EV charging. In 2024/25 in quarter two the Force currently had approximately 10 electric vehicles in the service and the plan is to have 30 vehicles 2024/25 and there's a wider piece of work on going to identify what the broader fleet distribution looks like and could look like in future.
- 12.13 The fourth red risk is the delays in the criminal justice system, which has been with the Force for a while now and the team are all familiar with the background on this one and it currently has a risk score of 60 and a stable direction of travel. The Force is doing as much as they can to minimise and mitigate that, so working closely on what we can do with victims to support them through the process and keep them engaged. FH noted this risk is reviewed every quarter at the Risk Star Chamber.

- 12.14 The first reducing amber risk is the digital disc security, which has a new score of 30, was previously 40.
- 12.15 The second reducing amber data quality risk has been around for a long while with a new score of 30, previously 45.
- 12.16 The third reducing amber risk that's reduced in score is preventing and reducing high harm (30, previously 40).
- 12.17 FH noted there are 6 other amber risks within the report which remain stable and have been since the last reporting period.
- 12.18 JP questioned the delays in the criminal justice system and how is the Force going to review it. RH narrated the need to have a better dialogue around the central solutions and mitigations. RH has written to the Lord Chancellor and Senior Presiding Judge, and they have endorsed the fact to set up a local task and finish group working with HMCTS and other partners trying to find solutions. The fundamental issue is simply the availability of qualified legal professionals to become recorders, judges, and legal advisers to the magistrates which is not easily soluble. BJH noted Essex Police's continued hard work to ensure the Force is doing what they can to help the criminal justice system.

Action 30/23: JPe to set up a workshop on the risk register system.

13 Update, if appropriate, on Fraud, Debtors Write-Offs and Probationer Pay

- 13.1 DM gave an update that the Force had an issue with the pay on probationers when the Force switched from the old scheme to PEQF. It is now on a level playing field.

14 Single Tender Actions

- 14.1 There were no Single Tender Actions to note.

15 Discussion on Legal, Regulatory and Policy matters including External Inspections

- 15.1 There were no legal, regulatory and policy matters including external inspections to note.

16 Background Briefing

- 16.1 KBal gave an update around the fleet, estate transformation and the delivery against the Force's environmental ambitions. The Force have been preparing ahead for zero vehicle emissions. Despite the recent Government announcement, manufacturers have not changed their plans regarding withdrawal of petrol cars.
- 16.2 KBal noted there are currently 770 vehicles within the fleet and replace between 50 and 150 a year across 38 different locations.
- 16.3 Phase one will be the initial transition of and the testing of the Force's processes. Phase two will be the replacement of the remainder of the unmarked fleet and then as the

Force move towards phase three, the technology is planned to have caught up that will then be able to replace some of those vehicles as well.

- 16.4 PD gave an update on the new Estates Strategy, which is about to be launched, It has several core principles, one of which is around the delivery of energy efficient design solutions in line with our carbon management plan. Emissions across the estate are generated from three main areas. One is the Forces owned vehicles (38%), the others are electricity (25%) and gas (28%).
- 16.5 PD narrated the carbon reduction progress, from 2008/09 the Force's emissions were sixteen and a half thousand tonnes and this has been reduced up to 2023 down to 8 1/2 thousand tonnes just under a 50% reduction. The main factors that contribute to that was around the Force's asset reduction strategy and the natural reduction of electricity generation emissions. A lot needs to be done to reduce emissions to zero by 2050.
- 16.6 All of the Force's capital schemes are incorporating additional green credentials such as the new police station in collaboration with Essex Fire at Dovercourt.
- 16.7 There's been a few high-level surveys done across the seven Forces with a purchasing company Laser that buys the Forces energy. They've done some high-level metrics around investment strategies, areas that the Force can improve on, whether that's LED lighting, heat pumps and solar PV to try and achieve the net zero targets. The Force has a number of feasibilities under way around where we can remove gas boilers and convert to heat pump and solar panel sites. The key is the funding. The team has started to build that in now as a proactive approach as opposed to just the standard capital programs.
- 16.8 RH thanked the team for their hard work and participation for the work they have achieved and making such a reduction in carbon footprint.

17 Approval of papers for publication

- 17.1 PBI noted moving Action Log 24/23 to Part B.
- 17.2 It was agreed to move Agenda Item 8 (the Essex Police Risk Register) to Part B.

18 Any other business

2024 Meeting Dates (all 10:00 to 12:30)

- Friday 22nd March 2024
- Friday 28th June 2024
- Friday 20th September 2024
- Friday 13th December 2024

There being no further business, the meeting closed at 12:35pm.