

ESSEX PFCC JOINT AUDIT COMMITTEE

Chair's Annual Report 2024

Previous Reports

The first and only previous annual report of the joint audit committee was prepared and presented by the former Chair Jonathan Swan on 15 March 2023, ahead of stepping down after two terms of office commencing in 2014. In the interim period JAC meetings were chaired on a rotation basis by Julie Parker and Simon Faraway. I would like to take this opportunity to thank these previous Chairs and also fellow committee members Kash Pandya and Sonya Edwards for their work on the JAC and their support to me since my appointment as Chair at the end of October 2023.

This report has been prepared consistent with the 2023 format and input from Julie and Simon.

Constitution

The Joint Audit Committee has been established as a standalone committee within the PFCC's governance structure. As such it is not a subcommittee of a governing body, nor does it have any delegated powers. It provides an independent and objective perspective to the OPCC and EP and offers critical challenge and constructive support to the Commissioner and the Chief Constable and their management teams. Its Terms of Reference are compliant with CIPFA guidance and are reviewed annually.

Membership

The five current independent members bring a wealth of experience to the work of the committee. All have backgrounds in finance or accounting, and senior and board level experience (including NED roles) in public and private sector organisations, including Accounting Practice and for Legal regulators, External Audit, NHS, HE and FE, local government, and consultancy.

Save for the appointment of a new Chair, referenced above, the current Committee members have served for a period of at least 2 years. In the next few months there shall be two resignations each for personal reasons and actions are in hand to seek replacements for these positions and a succession plan for the medium term.

Effectiveness survey

An annual effectiveness survey was introduced two years ago and respondents include the independent members, management, and the internal and external auditors. The most recent exercise in early 2023 suggested a high level of confidence in the committee. A lesson from both surveys was that not all attendees at meetings are fully familiar with the work of the committee and that further support was required.

The third was launched in January 2024 with closing date 16 February. Feedback from this survey is currently being collated and an additional JAC meeting has been convened at the end of scheduled meetings on Friday 22nd March where the results will be shared with committee members and development needs identified.

Management

The committee continues to receive excellent support from the PFCC, CC and senior management. Lines of communication are open in both directions and matters of concern are raised and, where necessary, meetings and briefings are arranged.

Internal audit (IA)

The committee continues to enjoy a strong relationship with the internal auditors RSM, who were re-appointed to a further term in 2023. Members carefully monitor the IA annual workplan and the IA KPIs. In the last year reports have covered a range of routine topics, such as Licensing, Data Protection and Operational Resource Management. The IA also provides sector updates and other background material of interest to the committee. A particular benefit of value is their ability to provide informal bench-marking across forces, which is very useful for putting audit findings into a broader context.

Audit tracker

IA report actions continue to be consolidated into an audit tracker. This is a valuable document which records the original action and management response, and the progress of subsequent management actions, with commentary, milestones, and completion dates. The committee continues to be consistently impressed with the effort put in by management to ensure actions are completed and signed off.

External audit (EA)

Grant Thornton (GT) remained in post for the 2023 year end EAs as recommended at an Audit Panel meeting held in February 2023 (see below). The 2023 Annual Report from the Chair made positive comments regarding the strong relationship with the EA team, looking forward to meeting the new EA partner and how GT had provided much valuable support in reviewing and considering issues such as inflation, the valuation of the estates portfolio and in particular the technicalities of the pension funds and the McCloud and Sargeant remedies. The 2023 year end would also see the implementation of the new NAO Code of Audit Practice, with Essex Police now being classed as a large audit.

Subsequently GT advised the management team of resourcing issues requiring the timing of the EA to be delayed considerably and also notifying their intention not to seek re-appointment for the 2024 year end. The JAC members were advised in December that the 2023 EA work had only recently commenced and a representative from GT stated at the JAC meeting he was hopeful but could not guarantee that the audit would be signed off ahead of the next JAC meeting 22 March. The management team have been working hard with GT to achieve a position for the JAC at its March meeting to recommend the approval of the sign off including consideration of the EAs audit findings. Papers to be issued ahead of the JAC meeting on 22nd March should provide greater clarity.

Annual accounts

The previous Chair commented in his 2023 Report the following:

“The preparation of the annual accounts is of course a major feature of the work of the EA and the committee shares the frustration of Grant Thornton and management in that although internal systems and processes are in place to ensure a timely conclusion to the exercise, we find – again – that publication is delayed because of external factors, in this case the pension valuation from ECC. The committee reiterates its support for the PFCC and EA to make representations.”

The Annual Accounts for the year ended 31 March 2023 were however prepared by management and made available for Public Inspection on 31 May 2023. In addition to the above factors it is significantly as a result of the EA delays in their review and sign off that the 2023 sign off, originally scheduled for end of September 2023, that accounts remain not signed off.

Risk registers

The risk registers used by the OPFCC and EP continue to be considered as first class management tools, following a long process of evolution, and the committee is satisfied that they accurately represent the top risks faced by each organisation. They are reviewed at every JAC meeting, and supported by written and verbal narrative to provide the committee with the appropriate level of assurance. Members also take the opportunity to challenge management, a recent example being the scoring of the risk relating to the electrification of the fleet.

The management team have convened an additional Teams meeting on 5 March with members of the JAC under the subject heading of “Risk Register System Workshop”.

Annual work plan

The business of the committee is set out in its annual work plan, which is regularly reviewed and updated as necessary. Standing items for each meeting include IA reports and risk register reviews, and other items during the year include the review of the annual accounts and the effectiveness survey.

Additional topics are brought to the committee as necessary, and in the last year it has considered matters such as the Scheme of Governance, and the Anti-Fraud and Anti-Bribery policies.

Background briefings

The committee remains keen to learn more about the specific risks and activities of both organisations and as part of the meeting schedule time is allocated for a topic to be explored in detail, with a presentation from someone close to the subject. In the previous chair’s report the committee learned about the issues surrounding the electrification of the fleet and the use of social media, MTFP arrangements, assurance and Recruitment and Retention, Vetting and Counter Retention and at the December 2023 JAC meeting a presentation on Environmental, Social and Governance.

Visits

Site visits provide a welcome break from committee meetings and in the previous chair reported on a number of these. It would seem however that in the past year members have not attended any.

As Chair I will now work with Panel Members and Management to identify areas of operations where Visits over the next 12 to 24 months would provide experience and insight.

Audit panel

2023 year end

In 2017 the Audit Panel supported the PFCC in the decision not to join the PSAA. It was decided that the existing members of the committee would comprise the membership of the Audit Panel as required by the legislation. The panel met in January and February 2023 to consider the appointment of the external auditor for the period commencing in 2023 but following a very disappointing 7F procurement exercise the decision was taken to recommend the re-appointment of the incumbent, subject to negotiating a revised contract.

2024 year end

For reasons highlighted in the section above headed “External Audit” it was considered necessary to appoint new EAs and following considerable work of the management Team and Crime Commissioner an Audit Firm has been identified as the successors to GT. An Audit Panel meeting was held at the end of the scheduled day of meetings on 8 December 2023 at which a paper from management was presented and following due consideration the Panel formally recommended the proposed firm be appointed. After appropriate due diligence and onboarding formalities there shall be an opportunity to meet the new Audit Principal at the JAC meeting scheduled for 22nd March.

With the 2024 year end looming working closely with the firm replacing GT the management team are seeking to ensure that the reporting timetable for this year is adhered to.

Looking forward

This is my first annual report as the joint audit committee chair. I have gained considerable knowledge from the circa 20 induction calls arranged for me in November 2023 to meet fellow committee members, former chair, key members of the management team. This combined with the experience gained from the preparation ahead of and then chairing my first JAC meeting has provided me with a great opportunity to add my skills to the existing JAC team.

It is my understanding that the committee has provided a great deal of robust challenge and support to the various PFCCs and CCs over the years. The chair believes that the JAC remains in a strong position to continue to provide an independent service for the benefit of the two organisations and we shall learn from and implement any actions identified through the Effectiveness Survey.

Kevin Barwick
Chair

27 February 2024

Please note that the name of the audit firm to replace GT has been excluded from this report pending the conclusion of the formal resignation and appointment processes.