

MINUTES – PART A

JOINT AUDIT COMMITTEE

22nd March 2024 10.00am to 12.30pm

GF01, Kelvedon Park and via Microsoft Teams

Members:

Kevin Barwick (KB)	Audit Committee Member (Chair)
Sonya Edwards (SE)	Audit Committee Member
Simon Faraway (SF)	Audit Committee Member
Kashyap Pandya (KP)	Audit Committee Member
Julie Parker (JP)	Audit Committee Member

Attendees:

Jane Gardner (JG)	Deputy Police, Fire and Crime Commissioner
Pippa Brent-Isherwood (PBI)	Chief Executive & Monitoring Officer, PFCC's office
Janet Perry (JPe)	Chief Financial Officer and Strategic Head of Performance and Resources, PFCC's office
Jeremy White (JW)	Finance Manager, PFCC's office
DCC Andrew Prophet (AP)	Deputy Chief Constable, Essex Police
Fiona Henderson (FH)	Director of Continuous Improvement and Analytics, Essex Police
Debbie Martin (DM)	Chief Finance Officer, Essex Police
Matt Tokley (MT)	Chief Accountant, Essex Police
Claire Medhurst (CM)	Director of Kent and Essex Support Services, Essex Police
Parris Williams (PW)	Grant Thornton
Dan Harris (DH)	Partner and Head of Internal Audit, RSM
Shalini Gandhi (SG)	Senior Manager, RSM
Samantha Bardsley (SB)	Minutes, PFCC's office

Guest:

Jenny Sayle (JS)	Head of Financial Strategy, Essex Police
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Apologies:

Roger Hirst (RH)	Police, Fire and Crime Commissioner
CC Ben-Julian Harrington (BJH)	Chief Constable, Essex Police
Joanne Brown (JB)	Grant Thornton
David Levy (DL)	7F Director of Commercial Services, Essex Police

1 Apologies for Absence

1.1 Apologies were noted as above. PW joined later.

2 Declarations of Interest

2.1 There were no declarations of interest.

3 Minutes of Previous Meeting and Matters Arising

3.1 The minutes of the meeting held on 8 December 2023 were approved and agreed.

3.2 There were no matters arising.

4 Action Log

25/23 Action Log

Meetings are being planned between PFCC Finance and Essex Police Finance to review these. The financial regulations will be updated alongside the procurement rules and then presented to the PFCC SMT and the September Strategic Board.

Remains open.

26/23 Work Plan

The survey was sent to Committee members. Review meeting to take place on 22 March 2024.

Closed.

27/23 Internal Audit Reports – Progress Report

The Benchmarking Report was distributed to Committee members.

Closed.

28/23 External Auditor's Reports

Meeting held between JB/PW/DM/JPe. There are some outstanding PPE problems. The completion date is scheduled for end of March. It is likely the accounts will be published excepting pensions. In September, will review whether pensions audited. PW to regularly update JPe. Executive decision made and agreed with the Chair that the Finance teams will concentrate on answering audit queries to allow the amended Statements of Accounts to be completed in April 2024.

Remains open.

29/23 External Auditor's Reports

The letter has been sent. SF asked if there was any response to this, and it was confirmed that there was not.

Closed.

30/23 Risk Register

A workshop has been arranged between risk managers, PFCC Finance and the Independent Members on 25 April 2024.

Closed.

5 Joint Audit Committee Work Plan

- 5.1 KB noted an error on item nine which required amendment from Grant Thornton to the new auditors and noted this is for the year 2023/24.

Action 01/24: JW to update Work Plan to reflect the new auditors.

- 5.2 JW advised that background briefings were required for September and December 2024. KP requested briefings on Demand Management Modelling and Community Safety Partnerships. SE requested a briefing on Stop and Search. It was agreed that the Community Safety Partnerships and Stop and Search would be brought to the September 2024 meeting and that Demand Management would be brought to the December 2024 meeting.

Action 02/24: Background briefings on Community Safety Partnerships and Stop and Search to be added to the Work Plan for September 2024 and Demand Management to be added to the Work Plan for December 2024.

6 Chair's Annual Report

- 6.1 KB presented the Chair's Annual Report. KB pointed out that he was appointed as Chair in December 2023, so he did not have full coverage of the whole year under review.
- 6.2 KB noted an issue regarding membership succession as KP and SE are seeking to step down. It is believed they will serve until June 2024. KB confirmed there is an active process between JPe, PBI and KB with the help of JW for an advert for replacements to be published. KB took the opportunity to thank KP and SE for all the work they had done.
- 6.3 It was pointed out that KB had referred to the proposed new auditors by name in the report prior to their official appointment, and it was agreed to redact this prior to publishing.

Action 03/24: KB to revise the Chair's Annual Report to refer to the new external auditors as "a new firm".

- 6.4 KB raised that it has been some time since there have been any visits for Independent Members and asked if there was scope to arrange this. AP advised that visits would be welcomed wherever the members would like to go, and he would be happy to support with the arrangements. It was noted that Chelmsford Police Station would be a good place to host, which is also close to the City Council Building which hosts the Community Safety Partnership (CSP) Hub, ideal for a combined visit. PBI agreed this was a good idea and that it would be even more ideal if it could be arranged for a date when the Violence and Vulnerability Unit (VVU) are at CSP then there would also be the opportunity to speak to them too and achieve a lot in one day.

Action 04/24: AP/JW to arrange for the Independent Members to visit Chelmsford Police Station and the CSP Hub, ideally on a date when the VVU are also in attendance.

7 Internal Audit Reports

7.1 Progress Report

- 7.1.1 DH presented the Internal Audit Progress Report, the paper being an update on the 2023/24 programme of work. Since the last meeting there have been five final reports and four reports in draft submitted which was noted to be a great position to be in. DH extended

his thanks to the Force and the PFCC's office for their engagement and assistance in getting to this point.

- 7.1.2 KP noted in Appendix B the time it takes for management to respond to a draft report is 33 days when the target is 15, and asked if the target is too tight or are there difficulties. DH advised this isn't anything to be concerned about as that the target is about right. What needs to be recognised is that, where there is a joint report with Kent, this can contribute to this KPI not being reached. JP commented further, noting that the longest response was to the Performance Reporting audit which took a third of a year, which is a long time, however there were not any high priority recommendations in the report. JP gave assurance that, had there been any high priority recommendations, something would have been done promptly. DH advised that these can start to be worked on even though the report is still at draft stage. PBI added that the time frame is from the issuing of the draft report to agreement, so an initial management response would likely have been received within 15 days, but this may have generated further discussion / negotiation. CM advised that, if there is any issue brought to light, this would be worked on as soon as it is known.
- 7.1.3 KB asked, in relation to the statutory accounts of 2023, if there is anything from what has been done from the period up to date that needs to be reflected before finalisation. DH advised that, from the 2022/23 accounts perspective, GT has had access to their annual opinion, and they attend this meeting and see the executive summary reports.
- 7.1.4 SG went on to present the key findings for the Debt Collection and Recovery Report, which received a substantial assurance opinion with one medium and two low priority actions. The weaknesses were in relation to the escalation of debts to the legal team and the time taken to review these.
- 7.1.5 The Problem-Solving Report received partial assurance with one high, two medium and three low priority actions. This was due to inconsistencies in assuring officers had completed training and the general awareness of the problem-solving hub. KP asked whether, since this was a new process, partial assurance was a harsh rating. SG advised that they did not look at the content of the problem-solving hub as it had just been established so it was focused on the training and awareness that came beforehand which ultimately affected the opinion. KP also asked if there were plans to assess the costs and benefits of the process installed. AP advised this was the case and this is a live area of improvement for the Force. SE asked if the Problem-Solving Hub was promoted for new starters at induction. AP advised that it is, but there is possibly more that could be done here. DH advised a questionnaire was issued and Q5 showed that over 50% of those asked answered that they were not aware of the Problem-Solving Hub and how it could aid them.
- 7.1.6 Performance Reporting was an advisory review with three medium and four low priority actions. Generally there were well-designed operating controls, particularly a multistage data verification process and feedback in terms of the expected timeframes. There were weaknesses around a lack of a documented approach to processing and presenting the data indicating several weaknesses regarding the adjustment of figures from one reporting period to the next and the requirement to ensure that there is clarity around why the changes have been made for transparency. FH advised she was comfortable with these findings and all the management actions were being implemented.
- 7.1.7 The Investigative Wellbeing report showed substantial assurance with two low priority actions. It was found there were some robust controls around promoting, managing and monitoring the well-being of investigators. A few enhancements were identified as part of

the Force implementing their in-house screening programme. KP welcomed the report and was very reassured but asked for clarification that the same wellbeing process applied to police staff as well as police officers. AP advised it categorically applies to everyone within the organisation.

7.1.8 The Recruitment Compliance report (Police Uplift Programme and General Officer Recruitment) shows substantial assurance with four low priority actions. Generally, there was an effective control framework shown here. KB asked about the difficulties caused by the time it takes to get vetting completed. AP advised that the vetting team was independently assessed and the processes in place are strong and tight. There is a management information meeting monthly, and prioritisation of certain vetting work is looked at here. Some vetting takes longer than we would like because of the prioritisation. It is monitored carefully but lower risk lower priority vetting reviews do take longer than would be liked.

7.1.9 SF observed that there were some good reports here and praised the work that has been done to get the substantial assurances, noting that it is good to see so much is “green”.

7.2 Client Briefings

7.2.1 DH noted there were five client briefings, the first two being the Risk Management Deep Dive and linked to that a briefing on Managing Risks. The third sights the committee on a major change in terms of Global Internal Auditing Standards effective January 2025. DH advised that further Client Briefings over the coming quarters will be issued to establish what these changes mean. The fourth was the Emerging Risk Radar with information for the Force and the PFCC’s office based on almost 200 respondents to a survey around emerging risks to provide some added value to check and challenge against the risk registers. JPe noted this would be helpful to use at the workshop on the 25 April 2024. The fifth briefing was the Emergency Services Quarterly Briefing for information.

7.2.2 JP noted that, in the Emergency Services News Briefing, it stated there was a new code of ethics and asked how this is being embedded within the organisation. AP advised that the new code of ethics is entirely consistent with the behaviours and values EP already has embedded in the organisation and the senior leadership team is cascading appropriately. AP advised that, if it would be useful, he would be happy to share how this is being embedded and continues to shape how the Force talks to the teams about their behaviours and what they do and why at a future point. KB noted this could be useful as a briefing paper and it was agreed that this would be brought to the March 2025 meeting. PBI also noted for completeness that the PFCC has also adopted the Policing Code of Ethics.

Action 05/24: A briefing item on the embedding of the New Code of Ethics to be added to the Work Plan for March 2025

8 Audit Recommendations Tracker

8.1 Internal

8.1.1 DM presented the report on Internal Audit Recommendations, the first section focusing on areas that require further evidence or clarification to be fully met. The second section details outstanding audit actions with 18 that have passed their due date, none of which are high priority, seven of which are medium and 11 of which are low priority. Section three discusses these in more detail.

- 8.1.2 JP observed that, in relation to the GDPR items, there were a lot of steps before sign off and wondered if there were any efficiency opportunities here. JPe and PBI both noted this was a fair observation.
- 8.1.3 SF noted there were two items now over a year old and observed that this is a long time to be carrying a risk.
- 8.1.4 SF noted that, comparing the table of outstanding recommendations from previous years, it has gone from seven to 11 to 13 and now 18 risks outstanding which is a worrying trend. DM advised a meeting had been held with DH regarding this. JPe asked if a further joint meeting with DM and DH would be helpful, and DH advised he would always be open to this. JG agreed this was a good point and that we should all be worried about this trend and that it should be taken away and thought about.

8.2 External

- 8.2.1 DM advised that section four of the paper discusses the external audit action summary which is duplicated in the report produced by PW at item 11 and it was best discussed as one item at that point.

PW joined the meeting at 11:00

9 Approval of the Internal Audit Plan and Internal Audit Charter

- 9.1 DH presented the internal audit strategy, noting that they have had excellent engagement with the Force and the PFCC's office through around 15 meetings with a range of different officers. There are eight reviews proposed that are linked to strategic risks and six for core assurance and then a follow up review. DH advised this remains flexible and agile.
- 9.2 KB asked if there were any areas that RSM wanted to delve into that were pushed back by management. DH advised that there were not, and he was in fact encouraged by the fact that there was such a range of different officers asking for their areas to be looked at.
- 9.3 KP said he was very impressed with the comprehensive report. KP noted that he could not see anything regarding forensic services in the report and asked if this should be somewhere in the strategy or not. DH replied that this sits on several force risk registers across the country and that his understanding is that it is one of a capacity issue and he was not sure what an internal audit could achieve in this area. AP agreed with DH's assessment and advised that the Force is thinking about this a lot and innovating themselves with the support of the PFCC by way of the new digital forensic strategy.
- 9.4 JPe mentioned that she was concerned about 'Collaboration and Impact of Savings' which was going to be in 2023/24 but is now going into Q3 of 2024/25 and that she believed this should go into Q1. DH advised this was not a problem.

Action 06/24: DH to amend the Internal Audit Plan to move 'Collaboration and Impact of Savings' to Q1.

- 9.5 JP raised asked if there was enough about data quality in the plan. DH advised that there will be several reviews that incorporate some testing specifically around quality of data.
- 9.6 The Committee agreed to recommend the plan.

10 Risk Register

10.1 PFCC

10.1.1 JPe presented, advising that there are 31 risks, down from the 32 last meeting, with the “green” risk on devolution being removed.

10.1.2 One amber risk regarding the appointment of the external auditors has moved to red. The reason this is red is that the contract has yet to be signed and it is not thought this will be signed by 31 March 2024, though it is thought that all people will sign it when able. This may cause some issues with live testing abilities, and it is essential that when we get to 31 March 2024 that any system that cannot take a backward look have the necessary reports run off. PW had no concerns. DM said she was not aware that any different procedure would be required.

10.1.3 One red risk, relating to Protecting Vulnerable People and Breaking the Cycle of Domestic Abuse, has moved to amber. This has been on the radar for some time, and it was thought the time is now right to de-escalate this, with there being enough improvement, but this must be watched carefully. JG reassured, despite the downgrading, that there is a significant amount of work invested in this area and there will never be complacency here.

10.1.4 There are two improving amber risks, the first being Setting a Balanced Budget. JPe advised usually this would have been moved to a green or closed at this point in the year. However, there is a lack of knowledge around what the pay awards will be and therefore enough uncertainty for this to remain amber. The risk relating to the cost of living has also been reduced however it was noted this was a dynamic picture.

10.1.5 SF observed that some of the points were quite wordy and that it might have been easier to have presented some areas as a table. JPe will look at this for the next meeting.

Action 07/24: JPe to amend the PFCC Risk Register report to include more tables to aid presentation.

10.2 Essex Police – Moved to Part B

11 External Auditor’s Reports

11.1 Annual Auditor Report 2022/23

11.1.1 PW advised they were planning to bring the auditor’s annual report to this committee meeting however it is currently in draft stage. It has been shared with management for review. PW will share this with members electronically when completed.

Action 08/24: PW to share the Annual Auditor’s Report 2022/23 with members when completed.

MT joined the meeting at 11:45

11.2 Audit Findings Report 2022/23

11.2.1 PW presented the Audit Findings report. PW commented on the audit process noting delays around PPE and a completed list of journals.

- 11.2.2 PW went on to discuss pensions and primarily the Local Government Pension Scheme. It was noted that GT gets their assurances from the pension fund auditors of Essex County Council and those assurances have not yet arrived. GT are hopeful they will arrive ahead of the end of September backstop but, if they do not, GT will be unable to issue an unmodified opinion.
- 11.2.3 KB asked if there were any other options moving forward as there may be a situation where GT has a further six months post balance sheet period to review. Also, if the LGPS report cannot be signed off until September 2024 and GT cannot resign, the new auditors cannot commence the 2023/24 audit which is also due for signing off in September 2024.
- 11.2.4 PW stated that the new auditors should be able to do their risk assessment and planning work. GT will engage with them as much as they can to give them access to review their files. There will be procedures around the assurances they will need from GT on opening balances.
- 11.2.5 PW advised that the question of whether GT can issue an opinion without the pensions assurance will require discussion with JB and the firm. KB went on to request that the conversation with JB occurs to assess whether GT could give a modified opinion and what that wording would be so that it can be assessed against the risk of not being able to fully engage with the new auditors. PW agreed and advised that, as part of his close down, he would look to share a draft of what he would expect the modified opinion to look like. JP said it was important to have something written down to assess the pros and cons of this. JPe agreed that having what the opinion would look like without that assurance is worth having, but it would be best to have it ready, know what it is going to be and only use it when necessary.

Action 09/24: PW to confirm to members what a modified opinion would look like without the LGPS inclusion.

Action 10/24: JPe and PW to draft a paper for members on what the options are for signing off the 2022/23 Audit.

- 11.2.6 PW also noted further regarding pensions, that it has been established that IFRIC14 applies and that the draft accounts will need to be adjusted for this.
- 11.2.7 KB raised that, when he read the draft, there seemed to be a lot of criticism of things not being delivered on time and asked DM and JPe if they had any comment. DM advised that MT and his team were doing the brunt of this work and it has been a priority since January. DM noted that the audit did not commence until October. In terms of the conversations that the force has had with GT regarding the number of audit hours left available, it all looks achievable at present.
- 11.2.8 KB thanked PW, DM, JPe and their teams for all the work they have done on the audit.

12 Verbal update on the Statement of Accounts for the year ending 31/03/23 (CC and PFCC & Group)

12.1 This verbal update was covered in the discussions had under item 11.

13 Update on Fraud and Debtors Write-Offs

13.1 None to report

14 Single Tender Actions

14.1 None to report

15 Discussion on legal, regulatory and policy matters including external inspections

15.1 None to report

JS joined the meeting at 12:15

16 Background Briefing - MTFS arrangements and assurance

16.1 DM and JS presented the Background Briefing on the MTFS arrangements and assurance. DM covered the background advising there are statutory requirements to set a balanced budget. This is done over a five-year period. The financial regulations, whereby the PFCC and the Chief Constable share responsibility for effective financial and budget planning, were noted. Considerations for the 2025/26 and MTFS period beyond were discussed. JS went on to describe the process followed, which covered the detailed approach to year one, looking at budget pressures, savings, funding, reserves, engagement and consultation and the influencing assumptions that go into determining the 2 - 5 year strategy.

16.2 The MTFS 2024/25 to 2028/29 was discussed.

17 Approval of papers for publication

17.1 JW advised that the papers for publishing were as per the agenda, being items 3, 4, 5, 6, 7, 9, 10a, 11b, and 16. Items 8 and 10b were not for publication being marked Official Sensitive.

18 Any Other Business

18.1 There being no further business, the meeting closed at 12:30.

Future meeting dates

- Friday 28th June 2024 10:00-12:30
- Friday 20th September 2024 10:00-12:30
- Friday 13th December 2024 10:00-12:30