



MINUTES OF THE JOINT AUDIT ADVISORY COMMITTEE HELD ON 27 NOVEMBER 2024 IN THE OPCC MEETING ROOM, CHESHIRE CONSTABULARY HQ, CLEMONDS HEY, OAKMERE ROAD, WINSFORD, CW7 2UA

Present: Joint Audit Advisory Committee

P Bearpark (Chair)
E Smith
P Birtles
Dr V Karthikeyan

Office of the Police & Crime Commissioner

G Southern, Deputy Police & Crime Commissioner
D Taylor, Chief Executive
C Hodgson, Chief Finance Officer (OPCC)
M Walton, Principal Governance & Compliance Officer

Cheshire Constabulary

M Roberts, Chief Constable
D Bryan, Chief Legal Officer
W Bebbington, Chief Finance Officer (Constabulary)
P Woods, Head of Planning & Performance
D Gillett, Inspection & Assurance Manager

Internal Audit

A Harrop, Regional Assurance Director (MIAA)
C Black, Delivery Manager (MIAA)

External Audit

A Walling, Director (Bishop Fleming)

Apologies: D Price, Police & Crime Commissioner
J Gleave, JAAC Member

No members of the public observed Part 1 of the meeting.

Part 1 - Public items

1. Minutes of the Joint Audit Advisory Committee

1.1. The Part 1 minutes of the meeting held on 25 September 2024 were approved.

2. Action Log

2.1. The Joint Audit Advisory Committee Part 1 Action Log was noted with four actions (2024/01, 2024/04, 2024/06 and 2024/07) closed.

3. Police & Crime Commissioner and Chief Constable Update

3.1. The Chief Constable updated the Committee in respect of the recent PEEL inspection undertaken by HMICFRS, with the report expected to be published in early 2025. The Chief Constable also confirmed that the Assistant Chief Constable Una Kelly had been suspended by Cheshire Constabulary following an ongoing independent investigation by the Independent

Office for Police Conduct (IPOC). This investigation relates to historic matters and does not involve Cheshire Constabulary in any way.

- 3.2. The Deputy Police & Crime Commissioner provided an update to the Committee in respect of:
- the recent Cheshire Youth Commission annual conference;
 - a rural crime event that Commissioner held on 11 October in partnership with the National Farmers Union (NFU), the National Rural Crime Unit (NRCU), local farmers and a number of local MPs, to highlight the issue of serious organised crime and its impact on the agricultural community;
 - the Commissioner's citizens' assembly in Crewe; and
 - the Commissioner's SWAP community fund, which had to date received 68 applications with a total of £98,385.30 award to community projects.

4. Single Point of Contact Report - Priority Based Budgeting (PBB)

- 4.1. Mr Birtles presented to the Committee following a thematic review of the Constabulary's PBB process. It was noted that the 2025/26 funding allocation was yet to be confirmed and, therefore, the Constabulary Finance department had considered three funding scenarios, which indicate budget savings of between £0.5m and £6m.
- 4.2. Following a review of budget 'lines', additional queries raised by JAAC SPoC included the areas of: i) minor systems (IT), ii) estate management; iii) hire of transport; iv) mileage allowances; and v) waste. £861k of potential budget savings had been identified through the thematic reviews of non-pay expenditure undertaken by the Finance team.
- 4.3. Mr Birtles thanked the Chief Finance Officer (Constabulary) and the wider Finance team for their support and facilitating the JAAC review. The Chief Finance Officer (Constabulary) thanked Mr Birtles for the independent challenge and fresh pair of eyes when reviewing the initial 2025/26 budget and various budget scenarios.
- 4.4. The Chief Constable explained that the budget setting process remains challenging given that the precept flexibility and funding envelope for 2025/26 is yet to be confirmed. The Commissioner continues to be awarded a year-to-year settlement (as opposed to multi-year funding settlements to aid financial planning) and numerous costs for 2025/26 remain unknown.
- 4.5. The Chief Constable highlighted that despite additional Government funding received for the September pay award of 4.75%, this is not sufficient to cover the full cost of the pay award. The allocation of such additional funding was based on the core grant funding formula and, therefore, it was noted that there are some forces that have benefited while others, including Cheshire, have not received sufficient funding to match the actual costs. The overall shortfall of approximately £750k was reported against the Police Pay budget.
- 4.6. The Chief Constable explained that given the Constabulary was required to maintain officer numbers as per the Police Uplift Programme, the Constabulary has been required to make significant savings to seek a balanced budget with a number of voluntary redundancies of posts which have not been replaced, as well as vacancies being held. The reduction of police staff costs has resulted in the erosion of some functions but this was regarded as the least worst option. The Chief Constable explained that if there are any further negative developments or assumptions are found to be optimistic, there may be a requirement to consider compulsory redundancies.

5. Draft Statement of Accounts 2023/24 including Annual Governance Statement

- 5.1. The Chief Finance Officer (Constabulary) explained that The Accounts and Audit (Amendment) Regulations 2024 have revised the statutory deadlines for the publication of audited accounts, with the 2023/24 accounts now required to be published by 28 February

2025. Notwithstanding the local audit backlog in England, it was noted that the Commissioner and Chief Constable remain up to date and CIPFA compliant.

- 5.2. The Chief Finance Officer (Constabulary) and Chief Finance Officer (OPCC) provided an overview of the draft accounts and Annual Governance Statement. The Chair of the Committee noted that the Committee has previously provided comments in relation to both the accounts and the Annual Governance Statement which had been reflected in the draft document presented. With the exception of a small number of typos identified within the document, the Committee had no further comments.

Action: Committee to send a list of typos to the Chief Finance Officer (Constabulary) and these are to be reflected in the final version of the Statement of Accounts.

- 5.3. The Chair of the Committee wished to acknowledge the hard work undertaken in presenting the draft accounts, as well as highlighting that the Commissioner and the Chief Constable remain CIPFA compliant.
- 5.4. The Committee recommend that, subject to the completion of External Audit work (there remains a small number of outstanding issues), the Commissioner and the Chief Constable should sign the Statement of Accounts 2023/24.

6. External Audit - Draft Audit Completion Report and Letter of Representation

- 6.1. The Director of Bishop Fleming provided an overview of the draft document, highlighting that although the audit is substantially complete, the auditors are finalising procedures in a number of areas including: i) the receipt and review of the assurances from the auditor of the Cheshire Pension Fund; ii) testing of the Private Finance Initiative (PFI) disclosures; and iii) receipt of bank confirmation letters.
- 6.2. It was noted that Bishop Fleming cannot formally conclude the audit and issue an audit certificate until confirmation is received from the NAO that no additional work (beyond the submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.
- 6.3. The Committee noted that the final fees for the 2023/24 were yet to be finalised as the audit work in respect of PFI is not included within the PSAA fee and, therefore, is to be confirmed.
- 6.4. The Committee noted that the auditors were awaiting management comment in response to the External Audit recommendations for: i) downwards revaluations of property, plant and equipment; and ii) reserve movements. The Chief Finance Officer (Constabulary) confirmed that the Constabulary agreed with the recommendations, a management comment would be provided accordingly and that there would be no impact upon the accounts.

7. External Audit - Draft Auditor's Annual Report

- 7.1. The Director of Bishop Fleming provided an overview of the draft document, explaining that the report remains draft and cannot be finalised until the audit opinion is provided. The remains focus upon: i) value for money; ii) financial sustainability; iii) governance; and iv) improving economy, efficiency and effectiveness.
- 7.2. The Director of Bishop Fleming explained that the report reflects well on both the Commissioner and the Chief Constable.
- 7.3. The Head of Planning & Performance confirmed that the Constabulary accepted the recommendation in respect of the risk register and a management comment would be provided accordingly.

8. Internal Audit Charter

8.1. The Delivery Manager (MIAA) explained that the report was presented for information and was noted by the Committee.

9. Forward Plan

9.1. The Joint Audit Advisory Committee Forward Plan was noted.

10. Internal Audit

10.1. *Internal Audit Progress Report* - The Delivery Manager (MIAA) provided an overview of the report which was noted by the Committee.

10.2. *Neighbourhood Policing Framework & Problem Solving Review Assignment Report 2024/25 (Final)* - The Delivery Manager (MIAA) provided an overview of the report, including more detail and clarification regarding the medium risk applied due to the fact that this was a new model and noting that the audit provided an overall assurance rating of 'substantial'. The Committee noted the five recommendations (four medium and one low), all of which have been agreed by the Constabulary with implementation ongoing.

10.3. *Key Financial Transactional Processing Controls Review Terms of Reference 2023/24 (Final)* - The Terms of Reference was noted by the Committee.

11. CIPFA Bulletin 18 - Local Audit Backlog in England

11.1. The Chief Finance Officer (OPCC) provided an overview of the report, which was presented for information.

11.2. The Chair of the Committee noted the content of the report and the current backlog within England, but highlighted that the Commissioner and the Chief Constable remain compliant and, therefore, in the national minority. This is a significant achievement.

12. Medium Term Financial Strategy 2024-2029: Mid-Year Review

12.1. The Chief Finance Officer (Constabulary) provided an overview of the report, which was approved at Joint Management board on 4 November 2024. The report was updated following the pay award and includes three scenarios that support the financial forecasts 2024-2029. It was noted that a risk in respect of the PFI expiry had now been included within the document.

12.2. The Chair of the Committee welcomed the updated report for information.

13. HMICFRS Value for Money Profiles

13.1. The Head of Planning & Performance provided an overview of the profiles, all of which are published on the HMICFRS website. It was noted that the data relate to force budgets and not expenditure.

13.2. The Chair of the Committee welcomed the report for information.

14. Service Assurance Plan

14.1. The Inspection & Assurance Manager provided an overview of the report that detailed the ongoing and additional work across the organisation. It was noted that the THRIVE audit will be carried out but with an amended scope.

14.2. The Chair of the Committee welcomed the report for information.

15. Any Other Business

- 15.1. The Chair of the Committee explained that the February meeting would be his last meeting as both Chair of the Committee and as a Committee member (having served two four-year terms). In addition, Ms Gleave would also step down from the Committee following the February meeting (having served a four-year term).
- 15.2. The Chair of the Committee confirmed that Mr Birtles had been appointed as Deputy Chair.
- 15.3. The Chief Finance Officer (OPCC) explained that a recruitment campaign for new Committee members was live with interviews expected to take place on 17 December 2024.
- 15.4. The Chair of the Committee noted that the meeting would be the last meeting attended by the Chief Finance Officer (Constabulary). The Committee wished to thank Ms Bebbington for her many years of service to Cheshire Constabulary and her massive contribution to both the organisation and the Joint Audit Advisory Committee. On behalf of the Committee, the Chair offered Ms Bebbington best wishes for the future following her retirement at the end of January 2025.

Part 2 - Private items

16. Minutes of the Joint Audit Advisory Committee

- 16.1. The Part 2 minutes of the meeting held on 25 September were approved.

17. Action Log

- 17.1. The Joint Audit Advisory Committee Part 2 Action Log was noted.

18. Strategic Risk Register

- 18.1. The Inspection & Assurance Manager provided an overview of the report which was noted by the Committee.

19. Any Other Business

- 19.1. No other business was raised.